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U.S. WINDPOWER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

for the thirteen and twenty-six weeks ended
July 4, 1992 and June 29, 1991

(unaudited)

U.S. WINDPOWER, INC.

Consolidated Financial Statements
for the thirteen and twenty-six weeks ended July 4, 1992 and June 29, 1991

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U.S. WINDPOWER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
for the thirteen and twenty-six weeks ended July 4, 1992 and June 29, 1991
(unaudited, in thousands)

	thirteen weeks ended		twenty-six weeks ended	
	July 4, 1992	June 29, 1991	July 4, 1992	June 29, 1991
Revenues:				
Windplant sales	$ 347	$31,464	$ 862	$ 31,468
Energy sales	6,045	4,664	6,866	5,960
Maintenance, management fees and other	7,797	5,464	13,434	9,723
Interest income	3,800	4,532	6,068	8,284
Total revenues	17,989	46,124	27,230	55,435
Costs and expenses:				
Windplant sales	191	23,177	677	23,177
Operations	9,995	5,905	20,704	11,864
Engineering	2,117	1,968	3,956	3,545
Marketing	948	1,086	1,988	1,708
General and administrative	1,399	1,741	2,760	3,293
Interest expense	4,315	3,492	7,917	7,164
	18,965	37,369	38,002	50,751
Income (Loss) before income taxes (benefit)	(976)	8,755	(10,772)	4,684
Income tax provision (benefit)	(434)	2,502	(4,795)	1,144
Net income (loss)	$ (542)	$ 6,253	$ (5,977)	$ 3,540

The accompanying notes are an integral part of these consolidated financial statements.

U.S. WINDPOWER, INC.

CONSOLIDATED BALANCE SHEETS
July 4, 1992 and December 31, 1991
(in thousands, except share amounts)

ASSETS

	July 4, 1992 (unaudited)	December 31, 1991
Cash and cash equivalents	$ 7,782	$ 2,800
Funds in escrow, net	5,260	9,421
Accounts receivable	15,716	14,167
Partnership notes and interest receivable, net	45,717	37,427
Due from affiliates	14,705	28,206
Inventories	8,152	8,440
Property, plant and equipment, net	68,272	60,605
Investments in affiliates	1,158	1,373
Prepaid income taxes	7,202	2,407
Other assets	5,844	4,932
Total assets	$ 179,808	$ 169,778

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable	$ 2,728	$ 4,871
Accrued liabilities	9,092	5,888
Estimated warranty costs	2,932	7,217
Bank loan payable	13,785	11,700
Senior notes payable	68,515	68,471
Other notes payable	48,980	31,878
Total liabilities	146,032	130,025
Stockholder's equity:		
Common stock, $1 par value; 1,000 shares authorized, issued and outstanding	1	1
Additional paid-in capital	18,545	18,545
Retained earnings	15,230	21,207
Total stockholder's equity	33,776	39,753
Total liabilities and stockholder's equity	$ 179,808	$ 169,778

The accompanying notes are an integral part of these consolidated financial statements.

U.S. WINDPOWER, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the twenty six weeks ended July 4, 1992 and June 29, 1991
(unaudited, in thousands)

	July 4, 1992	June 29, 1991
Cash flows from operating activities:		
Net income (loss)	$ (5,977)	$ 3,540
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,726	2,589
Equity share in investment in affiliates	29	70
Changes in assets and liabilities:		
Funds in escrow	4,161	4,490
Accounts receivable	(1,549)	(5,569)
Partnership notes and interest receivable	(8,290)	(6,227)
Inventories	288	9,991
Prepaid income taxes	(4,795)	(2,045)
Other assets	(1,266)	1,212
Accounts payable and accrued liabilities	1,061	(1,357)
Estimated warranty costs	(4,285)	304
Net cash provided by (used in) operating activities	(17,897)	6,998
Cash flows from investing activities:		
Additions to property, plant and equipment	(9,996)	(1,015)
Advances from affiliates	13,357	5,484
Investment in affiliates	331	567
Net cash provided by investing activities	3,692	5,036
Cash flows from financing activities:		
Bank loan borrowings	2,085	11,388
Payments on bank loan borrowings	-	(11,388)
Proceeds from issuance of notes payable	20,000	-
Payments on other notes payable	(2,898)	(8,710)
Net cash provided by (used in) financing activities	19,187	(8,710)
Increase in cash and cash equivalents	4,982	3,324
Cash and cash equivalents at beginning of period	2,800	2,658
Cash and cash equivalents at end of period	$ 7,782	$ 5,982

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The consolidated financial statements presented herein include the accounts of U.S. Windpower, Inc. and its wholly owned subsidiaries (the Company) after elimination of the intercompany accounts and transactions. These consolidated financial statements have been prepared by the Company, without audit, as noted. The Company believes that the disclosures are adequate to make the information presented not misleading. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of management, the consolidated financial statements reflect all adjustments which consist only of normal recurring adjustments necessary for a fair presentation of the Company's results of operations, financial position and cash flows. The consolidated financial statements should be read in conjunction with the financial statements and the notes thereto for the year ended December 31, 1991.

1. Reclassification

Certain amounts in the 1991 financial statements have been reclassified to conform to the presentation in the 1992 financial statements. These reclassifications had no impact on previously reported results of operations or stockholder's equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

While the Company's principal source of revenue historically has been through the construction and sale of Windplants, in 1992, the Company's revenues are principally derived from the ownership, lease and operation of Windplants. These revenues are heavily dependent upon energy sales from Company owned or leased Windplants and from maintenance and management of Windplants owned by others. These revenues are highly seasonal and arise primarily during the spring and summer months since approximately 80% of a Windplant's annual kilowatt hour output is generated during the months of April through September.

Results of Operations

The company reported a net loss of $542,000 for the quarterly period ended July 4, 1992 compared to a net income of $6,253,000 for the comparable period in 1991. The year to date loss of $5,977,000 compares to a net income of $3,540,000 in 1991.

Operations expense for the quarter increased to $9,995,000 from $5,905,000 for the comparable period in 1991. Year-to-date operations expense of $20,704,000 showed a significant increase over last years expense of $11,864,000 for the comparable period. Both of these increases are the result of a preventive maintenance program instituted by the Company in late 1991. A thorough preventive maintenance program was performed during the 1991/1992 off-season. Improved techniques such as blade tip calibrations and ultrasonic inspections targeted a number of sites for a complete machine refurbishment. During refurbishment, diagnostic and functional tests were performed on all machines. The use of hardened materials, enhanced weld processes, and shotpeening were employed in an effort to increase fatigue life and wear resistance. These improvements were implemented to extend the life of major components and to increase the overall reliability of the 56-100 wind turbines. Approximately 800 Model 56-100 wind turbines were serviced through July 4, 1992. A similar program will be conducted in the 1992/1993 off-season.

Liquidity and Capital Resources

At July 4, 1992, the Company had $7,782,000 of cash and investments. Operations used cash of $17,897,000 for the first six months ending July 4, 1992, as compared to $6,998,000 provided for the same period in 1991.

Additions to property, plant and equipment were $9,996,000 for the twenty-six weeks ended July 4, 1992, which was primarily due to the building of Model 33M-VS wind turbines. As of July 4, 1992 there were 22 Model 33M-VS wind turbines installed and operating in the Altamont Pass.

USW has a revolving credit agreement which provides up to $20.0 million for working capital purposes. At July 4, 1992, $13,785,000 was outstanding under this facility representing the full amount available pursuant to the borrowing base limitations for this agreement. USW has received an extension of this current credit agreement until August 31, 1992. This was originally due to expire June 30, 1992. Management believes the Company will be able to replace this line of credit at similar terms. However, no assurance can be given that it will be able to do so at terms acceptable to the Company.

In June 1992, USW received approximately $16 million in cash that was previously advanced to the Company's parent.

The Company believes that existing cash, operating cash flows, credit to the extent available and the financing discussed above will be sufficient to meet the Company's needs through the end of 1992.